

FISCAL IMPACT STATEMENT ON BILL NO. ***H. 3922, as Amended***

(Doc. No. Unknown)

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TO:	The Honorable Billy Witherspoon, Chairman, House Agriculture, Natural Resource & Environmental Affairs Committee		
FROM:	Office of State Budget, Budget and Control Board		
ANALYSTS:	R.J. Stein, Rodney Grizzle, Beth Campbell		
DATE:	January 30, 2006	SBD:	2006036

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AUTHOR:	Unknown	PRIMARY CODE CITE:	44-18-110
SUBJECT:	Mercury Switch Removal Act		

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ESTIMATED FISCAL IMPACT ON GENERAL FUND EXPENDITURES:

A Cost to the General Fund (See Below)

ESTIMATED FISCAL IMPACT ON FEDERAL & OTHER FUND EXPENDITURES:

A Cost of Federal and/or Other Funds (See Below)

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**BILL SUMMARY:**

House Bill 3922, as amended, amends Title 44 of the Code of Laws of South Carolina, 1976, by adding Chapter 18 which creates the Mercury Switch Removal Act. The Bill requires the Department of Health & Environmental Control (DHEC) to develop and administer a mercury minimization plan and requires the Department to reimburse recyclers \$5.00 for each switch removed. The Bill imposes fines of up to \$5,000 per day for violations, and authorizes up to 18% of these fines to be used to cover program costs. The Bill authorizes the Attorney General to bring civil or criminal actions against violators.

**EXPLANATION OF IMPACT:**

Department of Health & Environmental Control (DHEC)

The Department estimates that it would require 5.50 FTEs, including one compliance and education manager, four enforcement inspectors and a 0.5 Administrative Assistant, at an annual cost of \$340,000. Annual operating costs are estimated at \$32,900 with an additional \$78,000 needed in non-recurring funds for vehicles and office equipment.

The Bill also requires DHEC to reimburse recyclers \$5.00 for every switch removed. The latest estimate by the automotive industry is that there are 297,000 end-of-life vehicles in South Carolina. Since mercury switches were outlawed in domestic vehicles in 2002 (and were previously outlawed in foreign vehicles), it is estimated that there is an average of 0.56 mercury switches per vehicle, resulting in annual reimbursement costs of \$831,600 to be paid by DHEC for removals. Therefore, first year costs are estimated at \$1,282,500 in General Fund dollars. Second year costs are estimated at \$1,204,500 in State funds. Reimbursement costs are estimated to decline by about 10% each year as the number of motor vehicles in this state with mercury switches declines. Cost to the General Fund for program implementation would be offset to extent revenue is generated from penalties for violations.

Attorney General's Office

The Office reports that it would require 1.00 new FTE for an Environmental Attorney at an annual cost to the General Fund of \$72,900 for salary, fringe and other operating expenses. There would also be a non-recurring cost to the General Fund of \$8,200 for startup expenses.

Department of Corrections

The Department indicates that this Bill will have no fiscal impact on the General Fund of the State, nor on Federal and/or Other Funds.

**LOCAL GOVERNMENT IMPACT:**

Any impact on local expenditures is expected to be minimal.

**SPECIAL NOTES:**

The Bill authorizes DHEC to use up to 18% of the civil penalties collected to offset costs. The Board of Economic Advisors is the appropriate entity to address any revenue impact associated with this Bill.

Approved by:

A handwritten signature in black ink, reading "Don Addy". The signature is written in a cursive, flowing style. The first name "Don" is written with a large, looped 'D'. The last name "Addy" is written with a large, looped 'A' and a trailing flourish.

Don Addy  
Assistant Director, Office of State Budget